

PERIODIC REPORT ON SIGNIFICANT NARCOTICS
TRAFFICKERS CENTERED IN COLUMBIA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO SIGNIFICANT NARCOTICS TRAFFICKERS CEN-
TERED IN COLOMBIA THAT WAS DECLARED IN EXECUTIVE
ORDER 12978 OF OCTOBER 21, 1995, PURSUANT TO 50 U.S.C.
1622(d)



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THE WHITE HOUSE,
Washington, April 17, 2001.

Hon. DENNIS J. HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to significant narcotics traffickers centered in Colombia that was declared in Executive Order 12978 of October 21, 1995.

Sincerely,

GEORGE W. BUSH.

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH
RESPECT TO SIGNIFICANT NARCOTICS TRAFFICKERS CENTERED IN
COLOMBIA

I hereby report to the Congress on developments over the course of the past 6 months concerning the national emergency with respect to significant narcotics traffickers centered in Colombia that was declared in Executive Order 12978 of October 21, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c). Sanctions imposed against significant narcotics traffickers centered in Colombia pursuant to Executive Order 12978 are separate from, and independent of, sanctions imposed pursuant to the Foreign Narcotics Kingpin Designation Act (Pub. L. 106-120, Title VIII). This report covers sanctions imposed and persons named as specially designated narcotics traffickers ("SDNTs") pursuant to Executive Order 12978, but does not cover those persons identified pursuant to the Foreign Narcotics Kingpin Designation Act, which are addressed in a separate report as provided in that Act.

1. On December 7, 2000, the Treasury Department's Office of Foreign Assets Control ("OFAC") amended the appendices to 31 C.F.R. chapter V (65 Fed. Reg. 80749) by adding the names of eight individuals and eight entities determined to play a significant role in international narcotics trafficking centered in Colombia or determined to be owned or controlled by, or to act for or on behalf of, existing SDNTs. In the same Notice, OFAC also amended the appendices by adding supplemental information for 16 individuals previously designated as SDNTs.

Additions and deletions to the list of SDNTs during the life of the program have brought it to a total of 548 names (comprised of nine principals, 228 entities, and 311 individuals). These are persons or entities with whom financial and business dealings are prohibited and whose assets are blocked under Executive Order 12978. The list of SDNTs now includes kingpins, associates, and businesses from Colombia's Cali, North Valle, and North Coast drug cartels. The SDNT list will continue to be expanded to include additional drug trafficking organizations centered in Colombia and their fronts.

2. As of March 6, 2001, OFAC issued four licenses during the current reporting period. These licenses were issued in accordance with established Treasury policy authorizing the receipt of payment of legal fees for representation of SDNTs in proceedings within the United States arising from the imposition of sanctions, and certain administrative transactions.

OFAC has disseminated and routinely updated details of this program to the financial, securities, and international trade communities by both electronic and conventional media. This included

bulletins to banking institutions via the Federal Reserve System and the Clearing House Interbank Payments System (CHIPS). The same material is also provided to the U.S. Embassy in Bogota for distribution to U.S. companies operating in Colombia.

During the reporting period, as of March 6, 2001, six financial transactions totaling more than \$671,000 were reported to OFAC as having been blocked. Since the last report, OFAC has collected two civil monetary penalties totaling more than \$13,500 for violations of the Narcotics Trafficking Sanctions Regulations, 31 CFR Part 536. One financial institution and one company remitted penalties for violative transactions involving SDNTs. A third penalty proceeding remains underway.

3. The narcotics trafficking sanctions have had a significant impact on the Colombian drug cartels, with some being forced out of business and others suffering financially. More than a third of all the narcotics traffickers' business enterprises that OFAC has identified to date as SDNTs are involved in the pharmaceutical or agricultural sectors. These also have been among the most successful investments for the drug cartels and are those hardest hit by the sanctions. Of the 228 business entities designated as SDNTs as of March 2, 2001, nearly 60, with an estimated annual aggregate income of more than \$230 million, have been liquidated or are in the process of liquidation. As a result of OFAC designations, Colombian banks have closed SDNT accounts in large numbers, affecting more than 200 SDNT entities and individuals. The cooperation of the Colombian authorities and the Colombian financial and business sectors contributes significantly to the impact these sanctions are having on the designated business entities of the drug cartels.

4. The expenses incurred by the Federal Government in the 6-month period from October 21, 2000 through April 20, 2001, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to Significant Narcotics Traffickers are estimated at approximately \$570,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, and the Office of the General Counsel), the Department of Justice, and the Department of State. These data do not reflect certain costs of operations by the intelligence and law enforcement communities.

5. Executive Order 12978 provides the Government of the United States with a tool for combating the actions of significant foreign narcotics traffickers centered in Colombia and the unparalleled violence, corruption, and harm that they cause in the United States and abroad. The order is designed to deny these traffickers the benefit of any assets subject to the jurisdiction of the United States and the benefit of trade with the United States by preventing U.S. persons from engaging in any commercial dealings with them, their front companies, and their agents. Executive Order 12978 and its associated SDNT list demonstrate the United States' commitment to end the damage that such traffickers wreak upon society in the United States and abroad. The SDNT list will continue to be expanded to include additional Colombian drug trafficking organizations and their fronts. The magnitude and the dimension of the problem in Colombia—perhaps the most pivotal country of all in

terms of the world's cocaine trade—are extremely grave. I shall continue to exercise the powers at my disposal to apply economic sanctions against significant foreign narcotics traffickers and their violent and corrupting activities as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

